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Security Council

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Thirteenth report of the Secretary-General pursuant to paragraph 6 of resolution 1956 (2010)

I. Introduction

1. The present report is submitted pursuant to paragraph 6 of Security Council resolution 1956 (2010), in which the Council requested me to provide written reports to the Council every six months about the United Nations Compensation Fund, with effect from 1 January 2012, evaluating the continued compliance with the provisions of paragraph 21 of resolution 1483 (2003), which requires Iraq to deposit 5 per cent of the proceeds from export sales of petroleum, petroleum products and natural gas into the Fund. The present thirteenth report covers the developments following the issuance of my twelfth report (S/2017/549) on 27 June 2017.

II. Developments

2. The overall amount of compensation paid to date by the United Nations Compensation Commission stands at $47.8 billion, leaving approximately $4.6 billion outstanding to be paid to Kuwait to settle the last remaining claim.

3. As indicated in my previous report, owing to the extraordinarily difficult security circumstances in Iraq and the unusual budgetary challenges associated therewith that had continued since the adoption of its decisions 272 (2014) and 273 (2015), the Governing Council of the Commission adopted decision 274 (2016), by which it postponed until 1 January 2018 the deposit requirements of Iraq under Security Council resolution 1483 (2003). As a result of those decisions, no compensation payments towards the outstanding award have been made since October 2014. In the light of the postponements, the Governing Council has been considering future options to ensure the payment of the outstanding amount in a timely manner.

4. At its eighty-third session, held on 5 October 2017, the Governing Council adopted decision 275 (2017), in which it called upon the Governments of Iraq and Kuwait to present options to the Council that would ensure the final payment of compensation by the end of 2021, to be considered at a special Council session on 21 November 2017.

5. At the special session, the Governing Council welcomed the receipt of a proposal for deposits to resume into the Compensation Fund in 2018 put forward by the Government of Iraq and accepted by the Government of Kuwait. The Council adopted decision 276 (2017), which provides for 0.5 per cent of oil proceeds to be deposited into the Fund in 2018, 1.5 per cent in 2019 and 3 per cent beginning in 2020.

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until such time as the outstanding compensation award has been paid in full. Based on current oil price and export projections, this would result in payment in full of the outstanding award, and the conclusion of the Commission's mandate, by the end of 2021. Under this decision, the Council also affirmed that the Commission should remain in place under its current arrangements unless the Council decided otherwise.

6. In conclusion, I note with appreciation the commitment of the Government of Iraq to fulfilling its compensation obligations and welcome the anticipated resumption of deposits to the Compensation Fund in 2018. I also acknowledge and thank the Government of Kuwait for its support for the postponements over the past three years, as well as its support for the reduction in the percentage of proceeds to be deposited into the Fund beginning in 2018.